

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF FAIRFIELD AND
CANON STATION LLC REGARDING PREPARATION OF A DRAFT SPECIFIC PLAN
AND DRAFT DEVELOPMENT AGREEMENT FOR LAND LOCATED IN THE
NORTHEAST PORTION OF CITY'S PLANNING AREA**

This Memorandum of Understanding ("MOU") is entered into this 20th day of April, 2010 between the City of Fairfield, a Municipal Corporation ("City") and Canon Station LLC, a California Limited Liability Corporation ("Canon Station").

RECITALS

1. On August 19, 2008, the City Council initiated preparation of a Specific Plan for lands within the urban limit line in the vicinity of a proposed train station at the intersection of Peabody Road and Vanden Road; and
2. On November 18, 2008, the City Council awarded a contract to EDAW to prepare the Specific Plan, Environmental Impact Report and related studies; and
3. On April 28, 2009, the City Council adopted Resolution 2009-78 which directed staff to proceed with preparation of the Specific Plan based on a Development Envelope which depicted the boundaries of urban development; and
4. City Council Resolution 2009-78 also authorized staff to conduct preliminary negotiations with landowners within Specific Plan area who wished to enter into a development agreement; and
5. City staff and Canon Station have had preliminary negotiations regarding a subsequent development agreement. This MOU describes some of the City's expectations for development of the Canon Station property and that property's role in the overall Specific Plan. Further, the MOU provides a framework for future negotiations regarding the terms of the subsequent development agreement; and
6. A preliminary land plan has been prepared, which is based on various technical studies, including traffic forecasts, market demand, biological resources, and engineering studies related to water, sewer and storm water; and
7. Canon Station owns approximately 1570 acres within the boundary of the 2972-acre Specific Plan area; and
8. Canon Station has agreed to pay for the cost of the EDAW contract plus a 15% administrative charge to compensate city for staff time; and
9. MOU is a non-binding agreement between Parties which is intended to guide and assist in preparation of Environmental Impact Report ("EIR"), Specific Plan, and

Development Agreement. MOU is not a guarantee or assurance that City will certify EIR or approve Specific Plan or Development Agreement.

NOW THEREFORE, THE PARTIES TO THIS MOU AGREE AS FOLLOWS:

Section 1.0 Definitions

1.1 "Backbone Infrastructure" means major public improvements designed to serve the entire Specific Plan area or substantial portions of the Specific Plan area. Examples of Backbone Infrastructure include but are not limited to the following:

1.1.1 New arterial streets or widening of existing arterial streets, as described in Section 7.2;

1.1.2 Municipal buildings within Specific Plan, including the fire station building, as described in Section 6.0 and the library and community center buildings described in Section 11.0;

1.1.3 Major parks consisting of the Great Park, Linear Park and Lake Park, as described in Section 10.4;

1.1.4 Storm water detention/retention basins in excess of a volume of 5 acre-feet;

1.1.5 Water transmission or distribution lines in excess of 12-inch diameter; and

1.1.6 Wastewater collector lines in excess of 10-inch diameter.

1.2 "Backbone Infrastructure CFD" means a CFD which has a defined duration and which will be used for bond issuance to finance the construction of Backbone Infrastructure.

1.3 "Canon Station" means Canon Station LLC or its successors in interest and Andrews Lando and Associates LLC or its successors in interest.

1.4 "CEQA" means California Environmental Quality Act.

1.5 "CFD" means Community Facilities District adopted by City pursuant to California Government Code Sections 53318 through 53329.5.

1.6 "City" means "City of Fairfield".

1.7 "City Council" means City Council of the City of Fairfield.

1.8 "Conservation Easement" means an easement consistent with the description in Section 9.3 and may limit use of property to agriculture, open space or habitat conservation.

1.9 "Development Agreement" means an agreement between City and Canon Station pursuant to California Government Code Sections 65864 through 65869.5.

1.10 "EIR" means Environmental Impact Report for the Fairfield Train Station Specific Plan and related actions, which will be prepared in accordance with CEQA, prior to City's consideration of Specific Plan and related discretionary actions.

1.11 "Fairfield General Plan" means General Plan adopted by the City Council of the City of Fairfield in June 2002 with all subsequent amendments adopted from that date through the date of adoption of Specific Plan.

1.12 "Greenbelt" means the Vacaville-Fairfield-Solano Greenbelt, as established through Joint Resolution of the City Councils of Fairfield and Vacaville and Solano County Board of Supervisors, as adopted through City of Fairfield Resolution No. 94-197, City of Vacaville Resolution No. 94-146, and County of Solano Resolution No. 94-169, and as may be amended.

1.13 "HOA" means the Master Homeowners Association established for all residential areas within Project Area and may include other residential properties within Specific Plan.

1.14 "MOU" means this Memorandum of Understanding between City and Canon Station, as executed between Parties on April 20, 2010.

1.15 "Municipal Services" means services provided by City of Fairfield to residents and businesses within Specific Plan, in accordance with adopted City standards. Municipal services include the following:

1. Police protection
2. Fire protection
3. Maintenance of public parks and public open space areas
4. Maintenance of landscaping and street lights within public rights-of-way
5. Maintenance of storm water conveyance facilities and detention basins
6. Maintenance of public streets, roads and alleys
7. Operation and maintenance of public facilities such as community centers, fire stations, or library.

1.16 "Municipal Services CFD" means a CFD which does not have a defined duration, meaning it will continue in perpetuity unless amended or dissolved, and which is used to pay for a portion of the cost of Municipal Services.

1.17 "Non-Project Area" means those properties located within Specific Plan but which are not within Project Area, as shown on Exhibit A.

1.18 "Notice of Preparation" means the notice described in Section 15082 of CEQA Guidelines which is provided at the beginning of the environmental review process that describes the project being analyzed in the EIR and its potential environmental effects.

1.19 "Parties" means Canon Station and City.

1.20 "Preliminary Development Plan" means that plan contained in Exhibit B, that includes the following: (1) diagram showing the general location of land uses and major circulation improvements, (2) general description of the types of land uses, range of residential densities and intensities of non-residential uses, and (3) preliminary estimate of number of residential dwelling units and floor area for non-residential uses.

1.21 "Project" means development of Project Area in accordance with Specific Plan and including all governmental permits, entitlements and approvals necessary for development to occur.

1.22 "Project Area" means all land within the Specific Plan boundary which is owned by Canon Station and all land owned by City that may be transferred to Canon Station through the subsequent Development Agreement. Project Area is shown on Exhibit C.

1.23 "Project Description" means the project that will be analyzed in EIR, pursuant to Section 15124 of CEQA Guidelines. The Project Description includes but is not limited to:

1.23.1 Adoption of Specific Plan by City;

1.23.2 Approval of Amendments to Fairfield General Plan by City as necessary so that the Specific Plan will be consistent with the amended General Plan when the Specific Plan is adopted;

1.23.3 Adoption of Development Agreement by City;

1.23.4 Actions related to Greenbelt, including adoption of Greenbelt Plan by Greenbelt Authority, amendment of boundaries by Greenbelt Authority, amendment of Greenbelt Agreement by Cities of Fairfield and Vacaville and Solano County, or termination of Greenbelt Agreement by City;

1.23.5 Actions related to Noonan Reservoir by SWA, including termination of reservoir project, modification of project or relocation of reservoir to another site;

1.23.6 Establishment of a new redevelopment project area for portions of Specific Plan area which are already developed and which the City's Redevelopment Agency subsequently determines are blighted; and

1.23.7 Actions by Solano County Local Agency Formation Commission including amendment of City's Sphere of Influence, if needed, and annexation of Specific Plan area to City.

1.24 "Public Improvements" mean those public improvements owned by the City of Fairfield which will be constructed within the Project Area or which are outside of the Project Area but are needed to serve development within the Specific Plan area. Public Improvements include but are not limited to:

- 1.24.1 Public parks and plazas
- 1.24.2 Streets and roads
- 1.24.3 Water transmission, distribution, storage and pumping
- 1.24.4 Wastewater collection, lift stations, and treatment
- 1.24.5 Fire station and equipment
- 1.24.6 Public buildings such as community center, library, etc
- 1.24.7 Storm water conveyance and detention/retention
- 1.24.8 Pedestrian and bicycle paths and trails
- 1.24.9 Improvements in public open space areas
- 1.24.10 Landscaping and lighting within public rights-of-way
- 1.24.11 Public parking lots

1.25 "Residential Tax Revenue" means ongoing revenue to City from taxes paid by residential property owners within Project Area, including the following:

- 1.25.1 City's share of ad valorem property tax;
- 1.25.2 Property transfer tax;
- 1.25.3 Proportionate share of subventions from State to City based on population that are part of City's General Fund; and
- 1.25.4 That percentage of the total sales tax revenue that will be generated by Project Area residents and captured by City; the percentage of the sales tax capture will be determined by City at time financial analysis is prepared, based on conservative assumptions.

Residential Tax Revenue excludes monthly utility charges, CFD or assessment district tax revenue.

1.26 "Road improvements" includes all of the following components, unless specifically excluded by City through granting of development entitlement: (1) the acquisition of right-of-way for the road, (2) all associated permitting and mitigation measures, and (3) all improvements constructed within the right-of-way including but not limited to: grading, undergrounding of existing overhead utilities, road paving and sub-base, sidewalks, curbs, landscaping, lighting, storm drainage, and new underground utilities such as water, wastewater, communication, natural gas, and electrical.

1.27 "Specific Plan" means Fairfield Train Station Specific Plan, which will be considered by City Council subsequent to its review and certification of EIR.

1.28 "STA" means Solano Transportation Authority.

1.29 "SWA" means Solano Water Authority, which is a California joint powers agency consisting of Solano Irrigation District, City of Fairfield, City of Vacaville, City of Vallejo, City of Benicia, and Suisun Solano Water Authority.

1.30 "TUSD" means Travis Unified School District.

Section 2.0 General Provisions

2.1 MOU is a non-binding agreement between the Parties which is intended to guide and assist in the preparation of the Specific Plan and Development Agreement. MOU is not a guarantee or assurance that City will approve a Specific Plan or Development Agreement. Parties acknowledge that City may choose not to approve a Specific Plan or Development Agreement, based on the findings and conclusions of the EIR, recommendations of staff, the testimony received during the public hearing process, and the independent judgment of the City Council. MOU will not in any way limit the discretion of the City Council to not approve the Specific Plan, to approve mitigation measures not addressed by MOU, or to approve project alternatives described in the EIR.

2.2 Parties acknowledge that the terms of Development Agreement and provisions and policies of Specific Plan that may be adopted by City may vary significantly from MOU, based on the findings and conclusions of the EIR, recommendations of staff, the testimony received during the public hearing process, and the independent judgment of the City Council and other terms as may be agreed to between Parties.

2.3 The description of development, proposed public improvements and other actions described in MOU are for the purpose of defining the Project Description that will be contained in the Notice of Preparation and which will be the subject of environmental analysis in EIR. A purpose of MOU is to ensure that a thorough and meaningful environmental review of the Specific Plan under CEQA takes place.

2.4 Parties agree that the intent of MOU is that its terms and provisions shall be addressed in subsequent Development Agreement.

2.5 Canon Station agrees to compensate City for all costs associated with the City's preparation of Specific Plan, Development Agreement, EIR and related studies. These costs include but are not limited to:

2.5.1 City's contract with EDAW to prepare Specific Plan and EIR; estimated cost of these documents is \$2,598,298, based on Consultant Services Agreement approved by City Council on November 18, 2008;

2.5.2 City staff time associated with Specific Plan and EIR; amount of the payment is equal to 15% of the amount of the EDAW contract cited in 2.5.1;

2.5.3 City Attorney's time for review of the EIR, MOU, Development Agreement, Fairfield General Plan amendments and Specific Plan; Canon Station agrees to compensate City for the actual number of hours expended by City Attorney; the current estimated cost of such services is \$60,000; and

2.5.4 Compensation to City for preparation of consultant study, as described in Section 6.2, to determine appropriate location of fire stations to serve Specific Plan area based upon Parties subsequent approval of a scope of work and associated costs.

2.6 City agrees to use good faith efforts to prepare, draft amendments to Fairfield General Plan, draft Specific Plan, draft Development Agreement and EIR in accordance with the processing schedule, attached as Exhibit D. Parties acknowledge that the schedule is an expression of intent but satisfying the schedule is not an obligation of the City pursuant to MOU. Parties further acknowledge that preparation of the draft amendments to Fairfield General Plan, draft Specific Plan, draft Development Agreement and EIR is an extraordinarily complex effort that involves numerous public agencies, landowners, organizations, and members of the general public. This level of complexity and public involvement may cause significant delays in the processing schedule.

2.7 Canon Station agrees to cooperate with City in its preparation of Specific Plan, Development Agreement and EIR. Such cooperation includes but is not limited to:

2.7.1 Allowing City and its consultants access to Project Area for purposes of conducting technical studies, with prior approval by Canon Station; and

2.7.2 Providing to City and its consultants technical documents prepared by Canon Station which are related to Project Area, such as geotechnical studies, biological studies, and similar studies.

2.8 City agrees to work in coordination and cooperation with other public agencies to resolve issues associated with preparation of draft amendments to Fairfield General Plan, draft Specific Plan, draft Development Agreement and EIR. These agencies include Travis Air Force Base, Solano Transportation Authority, Solano Water Authority, Solano County, Solano Local Agency Formation Commission, City of Vacaville, Solano Irrigation District, and Travis Unified School District.

Section 3.0 Specific Plan

3.1 Specific Plan shall be prepared in accordance with State Planning Law and consistent with the Fairfield General Plan, as may be amended.

3.2 Specific Plan shall be prepared by City. The Preliminary Development Plan, shown as Exhibit B, shall be part of the Project Description contained in the Notice of

Preparation which is distributed to start the environmental review process pursuant to CEQA. The Preliminary Development Plan and related discretionary actions by City and Responsible Agencies shall be the project analyzed in the draft EIR. Specific Plan subsequently adopted by City may vary from the Preliminary Development Plan provided those changes do not cause new significant impacts which were not addressed in the EIR.

3.3 The Notice of Preparation shall, at a minimum, include the following description of the Specific Plan and Project Area:

3.3.1 The Specific Plan shall provide for a maximum of 6,810 dwelling units;

3.3.2 The Specific Plan shall provide for a maximum of 5,600,000 square feet of new building floor area for non-residential uses, including industrial, office, retail and public buildings;

3.3.3 The Project Area portion of the Specific Plan shall provide for a maximum of 3,055 dwelling units. This amount would increase to 3,255 if the 20-acre site owned by City of Vacaville is developed for residential use; and

3.3.4 The Project Area portion of the Specific Plan shall provide for a maximum of 5,240,000 square feet of building floor area for non-residential uses, including industrial, office, retail and public buildings.

3.4 The actual number of dwelling units and number of jobs allowed by the Specific Plan and the Project Area portion of the Specific Plan may be less than stated in the MOU, depending on the findings and conclusions of the EIR, recommendations of staff, the testimony received during the public hearing process, and the independent judgment of the City Council.

3.5 The Specific Plan shall be substantially in accordance with the Guiding Principles reviewed by the City Council at its April 28, 2009 meeting, and Implementing Policies endorsed by City Council on April 20, 2010.

3.6 In addition to the elements required by State Law, the Specific Plan shall include a Financial Plan and Phasing Plan.

3.6.1 The Financial Plan is described in Section 4.0 below.

3.6.2 The Phasing Plan will identify:

1. Initial portion of Backbone Infrastructure which is needed to serve the first phase of development;
2. Location and sequence of phases of private development within the Specific Plan area; and
3. Sequence of construction of Public Improvements in relationship with the phasing of private development.

Section 4.0 Financial

4.1 A Financial Plan shall be prepared and adopted by City as part of or concurrently with Specific Plan. The Financial Plan will address the financing of Backbone Infrastructure construction and ongoing Municipal Services which are needed to serve new development within Specific Plan area. It may address the financing of other public improvements, provided sufficient financing has been identified for Backbone Infrastructure, as the first priority.

4.2 The goals of the Financial Plan are as follows:

4.2.1 New development within Specific Plan shall pay all capital costs for Public Improvements needed by that development in accordance with standards and policies adopted by City;

4.2.2 New residential development within Specific Plan shall generate tax revenue to City equal to or greater than the cost of Municipal Services;

4.2.3 Sufficient Backbone Infrastructure shall be constructed in the first phase of development so that City may provide services and facilities for residents and businesses within Specific Plan which meet or exceed adopted standards and policies;

4.2.4 Development of Specific Plan will improve, not diminish City's overall financial situation; and

4.2.5 The overall property tax burden for future residents shall be consistent with industry practices.

4.3 Parties agree that the goals of the Financial Plan may be achieved through the following measures:

4.3.1 A Backbone Infrastructure CFD and Municipal Services CFD shall be established concurrently with City's approval of the initial subdivision map (parcel map or final map) within Project Area and filed by Canon Station. Canon Station shall pay for all costs associated with the establishment of the CFDs. The CFDs shall include:

1. Taxes of a defined duration which will be used to finance the cost of construction of Backbone Infrastructure ("Backbone Infrastructure CFD"); the tax rate shall be sufficient to finance Backbone Infrastructure through issuance of bonds;
2. Taxes without a defined duration which will be used to pay the shortfall between the cost of Municipal Services and the estimated Residential Tax Revenue from residential development ("Municipal Services CFD"). The tax rate shall be sufficient to ensure that the combined total of Residential Tax Revenue and Municipal Services CFD tax revenue to City is equal to or greater than the cost of Municipal Services. In no case shall the Municipal Services CFD tax rate be less than the rate established and in effect for City's CFD 2006-1;

3. All land within Project Area designated for residential, industrial or commercial development shall be included in the Backbone Infrastructure CFD. Land designated for public uses or open space uses shall not have a CFD tax;
4. All land designated for residential development shall be included in the Municipal Services CFD;
5. Municipal Services CFD shall include an index for annual adjustments in tax rate;
6. The rate structure of the Municipal Services CFD and developer obligations through Development Agreement shall be established such that there is no deficit to City in its provision of Municipal Services throughout buildout of the Project Area; and
7. CFDs shall be adopted such that costs of formation are reimbursed through a subsequent CFD bond issuance.

4.3.2 The property tax burden for residential property owners should not exceed a rate of 1.9% of the assessed valuation. This 1.9% "tax target" consists of the combined total of property-related taxes including property tax and any supplemental taxes such as CFD taxes by City or school district, assessment district assessments, HOA dues and Lighting Landscaping Maintenance District assessments. The calculation of the 1.9% tax target excludes utility charges, utility user tax, parcel tax, sales tax or any other similar charges, taxes or fees that currently exist or may be subsequently adopted by City.

4.3.3 The amount of tax capacity that is available to finance Backbone Infrastructure CFD shall be the residual of CFD revenue after Municipal Services CFD has been satisfied and within the 1.9% tax target described in Section 4.3.2 above.

4.3.4 If City determines there will not be sufficient revenue to finance Backbone Infrastructure through the combination of Backbone Infrastructure CFD bonds and development impact fees, Canon Station shall provide supplemental revenue through such means as private financing of public improvements, direct developer contributions, dedications or donations of land, or other exactions by City. Through Development Agreement, Parties shall determine the nature of these supplemental revenue sources and timing of payment.

4.3.5 Specific Plan policies will contain a provision that the landowners within Non-Project Area will pay their "fair share" of cost of Backbone Infrastructure and Municipal Services. The Specific Plan will require landowners within the Non-Project Area to annex their respective properties to CFD at the earliest of the following events: (a) concurrently with City's approval of subdivision map or (2) concurrently with City's issuance of a building permit when no subdivision map application has been filed. The tax rate for such properties will include the:

1. Municipal Services and Backbone Infrastructure components of the tax, or

2. Municipal Services component of the tax and an agreement to pay a fee which has the equivalent value of the Backbone Infrastructure component.

4.3.6 Except for Backbone Infrastructure, all other Public Improvements shall be constructed as may be required through City's approval of development entitlement applications, consistent with the policies of Specific Plan.

4.4 Parties acknowledge that the future cost of additional municipal services and revenue from residential development is unknown at the time of execution of MOU. In order to proceed with the planning process in conjunction with the financial analysis, Canon Station agrees that it will:

4.4.1 Support the establishment of CFD 2006-1 or a new CFD with the same tax rate as CFD 2006-1, on Project Area land designated for residential development, provided such CFD is a requirement of all residential development within Specific Plan; and

4.4.2 Support the establishment of a CFD to pay for the additional cost of fire protection services for development within Project Area, based on the results of the study described in Section 6, if any additional costs are needed.

4.5 Parties acknowledge that:

4.5.1 The results of the fiscal impact study may call for a CFD tax rate higher than the combined total of CFD 2006-1 and the additional cost of fire protection services;

4.5.2 Through execution of MOU, Canon Station has not agreed to support formation of a CFD with a tax rate higher than the combined total of CFD 2006-1 and the additional cost of fire protection services; and

4.5.3 City has the authority to ensure that new residential development will generate revenue equal to the cost of Municipal Services through policies of Specific Plan.

4.6 City agrees to consider methods to ensure the delivery of effective and efficient Municipal Services to Specific Plan area.

4.7 Development Agreement shall require establishment of an HOA for all land within Project Area that is designated for residential use by the Specific Plan. The scope of HOA responsibilities shall be determined by Development Agreement.

4.8 Specific Plan shall contain provisions for reimbursement to Canon Station for costs in excess of Canon Station's proportionate share. Costs eligible for reimbursement may include Specific Plan and EIR preparation, CFD formation and construction of Public Improvements. The timing and manner of reimbursement shall be determined in the Development Agreement. Reimbursement may occur through

such venues as impact fee credits, benefit districts or reimbursement agreements with other developers which benefit from Public Improvements constructed by Canon Station.

4.9 Parties acknowledge that City's existing impact fees do not address Public Improvements within Project Area and do not fully fund Public Improvements outside of Project Area which are needed to accommodate development of Project Area. Parties further acknowledge that City may need to adjust impact fees concurrently with the Specific Plan process.

4.10 City agrees to actively seek grants for Backbone Infrastructure and other public improvements from federal, state, regional, and county agencies. In particular, the City will seek grants for transportation and road improvements that serve regional needs and which improve access to Travis Air Force Base. Canon Station agrees to assist City in these efforts.

Section 5.0 Public Improvements

5.1 All Public Improvements shall be designed and constructed in accordance with the Fairfield General Plan, Specific Plan and other adopted City standards.

5.2 Canon Station shall pay its proportionate share of the cost of construction of all Public Improvements needed to accommodate the development of the Specific Plan. These include on and off site improvements.

5.3 The timing of construction of Public Improvements shall be in accordance with the Phasing Plan. As determined by the Phasing Plan, City may require that Canon Station construct or fund certain on and off site Public Improvements in excess of their proportionate share or in advance of the triggers required by CEQA, in order to meet City's adopted standards and criteria.

5.4 Canon Station shall be reimbursed for costs that are in excess of the proportionate share. The method and timing of reimbursement shall be determined through the Financing Plan described in Section 4.0.

5.5 Notwithstanding Subsections 5.2 through 5.4, the Development Agreement may require that Canon Station may pay more than its proportionate share of construction costs for certain Public Improvements as a public benefit derived from the Development Agreement and in exchange for benefits accruing to Canon Station from the Development Agreement.

Section 6.0 Fire Protection

6.1 Fire protection shall be provided such that a minimum of 80% of the proposed dwelling units are within a 5-minute travel time from a City fire station. Based on

preliminary study by City, this standard can not be met by City's existing fire stations. In order to meet this standard, Canon Station shall provide financing for City to:

6.1.1 Provide a new fire station and equipment located within the Specific Plan area, or

6.1.2 Relocate existing Fire Station No. 39 to a new site which better serves Specific Plan area; and

6.1.3 Other measures which satisfy City policies regarding fire protection, as may be adopted the City, based on the study cited in Section 6.2 below.

6.2 Canon Station shall pay City to conduct a study by qualified consultants to determine whether a new fire station is needed or whether existing Fire Station No. 39, located at the intersection of Air Base Parkway and Huntington Drive, can be relocated. Fire Station No. 39 shall not be relocated, if such relocation would cause existing areas within the City limits to exceed the Fairfield General Plan policy regarding 5-minute travel time, if they are currently within a 5-minute travel time.

6.3 Canon Station shall reserve, for future acquisition by City, a minimum 5-acre site in the industrial area for a fire training facility. This offer of dedication shall be shown on the initial parcel or tentative subdivision map. The term of the offer of dedication shall be for a minimum of 5 years from the date that public streets and utilities abutting the site are constructed. The cost of the acquisition shall be equal to its appraised value at the time of approval of the parcel or tentative subdivision map.

6.4 If City determines that a new fire station is needed, based on the study cited in Section 6.2 above, Canon Station shall:

6.4.1 Acquire or pay City to acquire a fire station site within Specific Plan area; if site selected by City is within Project Area, Canon Station shall dedicate the fire station site at no cost to City;

6.4.2 Construct or pay City to construct all site improvements, including improvements to the abutting right of way and utility connections;

6.4.3 Construct or pay City to construct a fire station building, which meets all standards and criteria established in sole discretion of City;

6.4.4 Pay for the cost to acquire and install all equipment and vehicles needed for operation of fire station, which meets all standards and criteria established in sole discretion of City;

6.4.5 Pay cost of Municipal Services to operate a fire station on an annual basis in perpetuity.

6.5 If the City determines that a relocated fire station is needed, based on the study cited in Section 6.2 above, Canon Station shall:

6.5.1 Acquire or pay City to acquire a fire station site;

6.5.2 Construct or pay City to construct all fire station site improvements, including improvements to the abutting right of way and utility connections;

6.5.3 Construct or pay City to construct a fire station building which meets all standards and criteria established in sole discretion of City; and

6.5.4 Pay cost for City to acquire any additional equipment and vehicles needed to serve development within Specific Plan.

6.6 The timing and funding of construction of the new or relocated fire station shall be determined through the Phasing Plan. City may require that Canon Station provide certain, interim fire protection measures during the period between the start of construction of development within the Project Area and the date the fire station becomes operational. These interim measures may include purchase of equipment, payment for supplemental fire staffing or use of interim facilities.

6.7 City may determine, based on the study described in Section 6.2 above, that certain Non-project Area properties are not within a 5-minute travel time from the existing location of Fire Station No. 39. City may require such properties to pay their "fair share" of the costs to construct and operate new fire protection facilities, as described in Sections 6.4 and 6.5 above. Any such payment of "fair share" costs by Non-project Area properties would be in accordance with the provisions in Section 4.3.5.

Section 7.0 Transportation

7.1 Parties acknowledge that preparation of Specific Plan shall provide for certain transit and non-vehicular transportation improvements. The main elements may include but are not limited to the following:

7.1.1 A rail station located at the intersection of Vanden Road and Peabody Road; it is anticipated that funding for rail station improvements will be provided primarily by state and federal sources. Development Agreement may require that Canon Station pay for certain design and aesthetics enhancements to rail station site improvements. Any such provisions as may be included in Development Agreement shall specify the enhancements and maximum financial contribution by Canon Station;

7.1.2 A "transportation spine", from the rail station site, extending northeasterly through the residential area to the industrial area. This spine shall connect the mixed use cores. At a minimum, this transportation spine shall include a collector street and an off-street, Class 1 bike path. The transportation spine may include a dedicated right-of-way for a shuttle bus, electric vehicles or other transit options. All costs associated with the operation and maintenance of the transportation spine, excluding maintenance of the public street but including all associated transit operations shall be the responsibility of the HOA;

7.1.3 A pedestrian/bicycle path within the Linear Park from Peabody Road to northerly Project Area boundary;

7.1.4 A pedestrian/bicycle path within abandoned railroad right-of-way from Linear Park southeasterly to Center Elementary School, including an overcrossing at Vanden Road; and

7.1.5 Other pedestrian/bicycle facilities throughout the Specific Plan area.

7.2 For purposes of the Notice of Preparation, Parties assume that the following Road Improvements will be constructed during the time frame of the Specific Plan, in order to satisfy transportation policies of City's General Plan and Specific Plan. Parties acknowledge that other Road Improvements may be required through City's adoption of Specific Plan and EIR mitigation measures.

7.2.1 Manuel Campos Parkway from Peabody Road to I-80 as a 6-lane arterial street;

7.2.2 Widening of Jepson Parkway (Vanden Road) from Peabody Road to Leisure Town Road as a four-lane arterial street;

7.2.3 Widening of Peabody Road to 4 travel lanes from Putah South Canal northerly to Vacaville city limits;

7.2.4 Widening of Peabody Road to 6 travel lanes, between Vanden Road and Air Base Parkway;

7.2.5 Construction of a new, east-west, arterial street from Peabody Road to Northgate Road ("New Canon Road"), including a 4-lane railroad overcrossing in the vicinity of the existing at-grade crossing at Canon Road; this street will vary between 2 to 4 lanes;

7.2.6 Construction of the Transportation Spine, as described in Section 7.1.2 above;

7.2.7 Construction of the extension of Joseph Gerevas Drive from its existing terminus southwesterly to Village 3 of Lewis Project; this extension includes 2-lane bridge over creek and all associated permits from state and federal agencies;

7.2.8 Construction of a "Connector Street", from New Canon Road southwesterly through Project Area and continuing through Non-Project Area across Peabody Road to Cement Hill Road; and

7.2.9 Construction of Walters Road extension, between Air Base Parkway and Manuel Campos Parkway, as a 4-lane arterial street including a new railroad overcrossing.

7.3 Canon Station shall construct all Road Improvements needed to mitigate the impacts of Project Area Development and to maintain the Levels of Service required by the policies of the Specific Plan and Fairfield General Plan, based on the findings of EIR.

7.4 The timing of construction of Road Improvements shall be consistent with the Phasing Plan, mitigation measures of the EIR and the policies of the Specific Plan.

7.5 All Road Improvements shall be consistent with the Fairfield General Plan, Specific Plan and other adopted City standards, unless Alternate Design Standards are approved by City.

7.6 As a general principle, Canon Station shall pay its proportionate share of all Road Improvements, as described in Section 7.2 above. Payment of proportionate share may occur through construction of Road Improvements, CFD financing, payment of impact fees or other methods as determined by City.

7.7 As determined in Development Agreement, Canon Station may be obligated to construct or finance more than its proportionate share of the Road Improvements identified in Section 7.2 above in order to meet adopted transportation policies. Canon Station may be reimbursed for its cost in excess of its proportionate share, as described in Section 5.4

7.8 Notwithstanding any other provision of MOU, Development Agreement may obligate Canon Station to construct certain Road Improvements without reimbursement as a public benefit derived by City through adoption of Development Agreement.

7.9 Notwithstanding any other provision of MOU, Canon Station shall have sole responsibility to construct all Road Improvements and transportation facilities within Project Area, without regard to proportionate share. These Road Improvements and transportation facilities consist of the following:

7.9.1 Construction of bike and pedestrian paths within Linear Park, as described in Sections 7.1.3 and 7.1.4 above;

7.9.2 Construction of all collector, local, and private streets and private alleys within Project Area, as provided by Specific Plan;

7.9.3 Construction of all pedestrian paths, sidewalks, walkways and bicycle paths, including associated lighting and landscaping, within Project Area, as provided by Specific Plan;

7.9.4 Construction of "New Canon Road" from Peabody Road to Northgate Road, including the railroad overcrossing;

7.9.5 Payment of City's share of the cost of Vanden Road (Jepson Parkway) improvements, within or abutting Project Area; and

7.9.6 Reconstruction of existing Canon Road and existing Northgate Road to City standards unless portions of such roads are abandoned due to the construction of new public streets within Project Area. As part of the abandonment approval, City will require the removal of some or all existing Road Improvements.

Section 8.0 Utilities

8.1 All utilities shall be designed and constructed in accordance with Fairfield General Plan, Specific Plan and other adopted City standards.

Section 9.0 Vacaville-Fairfield-Solano Greenbelt

9.1 Parties acknowledge that certain areas designated for development by Preliminary Development Plan are currently within the boundaries of the Vacaville-Fairfield-Solano Greenbelt. City agrees to seek amendment of Greenbelt such that it is consistent with Specific Plan. Parties acknowledge that if Greenbelt is not amended, then Specific Plan will vary significantly from the Preliminary Development Plan.

9.2 Canon Station shall support City in its establishment of an open space fee in conjunction with the adoption of Specific Plan. This fee shall be paid by all new development within Specific Plan. The amount of the fee shall be sufficient for City to acquire its share of Greenbelt lands in Areas 2 and 3, as described in Exhibit C of the Greenbelt Agreement.

9.3 Canon Station shall ensure permanent preservation of Greenbelt area through the encumbrance of a Conservation Easement on all land within Project Area that is designated as Greenbelt. Conservation Easement shall be dedicated or an irrevocable offer of dedication will be granted by Canon Station concurrently with initial Parcel Map or Final Map. Canon Station shall prepare and convey an easement(s) consistent with the following. The Conservation Easement shall:

9.3.1 Be granted to City or to a non-profit organization, such as a land trust that is formed for the purposes of preserving land as open space, park, agriculture or wildlife habitat;

9.3.2 Be conveyed to City or non-profit at no cost and shall be granted in perpetuity;

9.3.3 Be conveyed with an endowment from Canon Station to easement holder that is sufficient to maintain property for its intended purposes in perpetuity;

9.3.4 Prohibit subdivision and limit development of property; specific terms of easement may vary by property depending on the intended open space, agricultural or wildlife habitat purposes;

9.3.5 Be reviewed and approved by City, with respect to the easement form and terms and the associated endowment prior to its conveyance; and

9.3.6 Allow construction of North Bay Aqueduct or similar public facilities.

9.4 The lands within Greenbelt which are designated as public open space but not preserved for habitat conservation or agricultural purposes shall be improved for open space purposes by Canon Station in accordance with the policies of the Specific Plan. These improvements may include but are not limited to planting of native trees, creek restoration, orchards or vineyards, and hiking trails and related trail improvements, such as restrooms, parking facilities, and signage.

9.5 Canon Station will assist City in its preparation of a "Greenbelt Plan" for that portion of the Greenbelt which is within Specific Plan boundary. For purposes of this

section, "Greenbelt Plan" shall mean that plan described in Greenbelt Authority Agreement.

Section 10.0 Parks and Recreation

10.1 All public park facilities shall be consistent with the Fairfield General Plan and Specific Plan.

10.2 Canon Station shall pay for the design and construction costs of all parks within the Project Area, as may be required by the Specific Plan. These parks shall include the "Lake Park", "Great Park", Linear Park extension and various neighborhood and pocket parks. In addition to on-site improvements, park improvements shall include abutting public or private road improvements and extension of utilities to park sites.

10.3 City may require that some or all of the parks be constructed by Canon Station as "turn-key", with subsequent reimbursement by City and/or fee credits.

10.4 The following park improvements shall be included in the Preliminary Development Plan and shall be included in the Notice of Preparation for subsequent analysis in the Draft EIR:

10.4.1 Lake Park

1. The Lake Park shall be designed and constructed substantially in accordance with the illustrative plan shown on Exhibit E;
2. The Lake Park shall be comparable in size and quality to the Lake Park in Rancho Santa Margarita, California;
3. The Lake Park shall be constructed concurrently with the first phase of development within the Project Area; and
4. The Lake Park design shall include public landscaping, pedestrian paths, recreation facilities and plazas around the entire edge of the lake which will be installed in functional phases, as determined by Phasing Plan.

10.4.2 Great Park

1. The Great Park shall be designed and constructed substantially in accordance with the illustrative plan shown on Exhibit F;
2. The Great Park shall have a minimum of 40 acres of useable, active recreation area, exclusive of public road rights-of-way; and
3. The Great Park shall be constructed in functional phases, as determined by the Phasing Plan.

10.4.3 Linear Park

1. The Linear Park shall be located as shown on Exhibit G. The design of Linear Park improvements shall be comparable to existing, improved segments within City.
2. Northerly Segment shall include a Class 1 bike path (10-foot wide concrete path), landscaping and lighting (as required by City) from Peabody Road, through the Specific Plan area to the Vacaville city limits.
3. Southeasterly Segment shall include a Class 1 bike path (10-foot wide concrete path), landscaping, lighting, and a bike/pedestrian overcrossing at Vanden Road, from the Northerly Segment to Center School.
4. The Linear Park shall be constructed in multiple phases, as determined by the Phasing Plan, provided that the Linear Park improvements are completed prior to or concurrently with adjacent residential development.
5. City will consider alternate design standards for landscaping and lighting components of the Linear Park for portions which abut permanent open spaces on both sides of the right-of-way.

10.5 The timing of the park improvements shall be determined by the Phasing Plan.

10.6 The cost to maintain parks shall be determined through the Financing Plan, consistent with the following principles:

10.6.1 All private recreational facilities or private open space areas within Project Area, such as pocket parks, plazas, recreational clubs, and similar facilities shall be maintained by the HOA;

10.6.2 The cost of maintaining any public park, including but not limited to the Lake Park and that portion of the Linear Park within or abutting the Project Area, shall be paid by the CFD or Lighting, Landscaping Maintenance District;

10.6.3 The cost of maintaining the Great Park shall be 50% responsibility of City and 30% responsibility of Canon Station and 20% responsibility of other residential properties within the Specific Plan area. Canon Station's share shall be paid through a CFD or Lighting, Landscaping Maintenance District. City's 50% share of Great Park maintenance will not commence until revenue from industrial area within Specific Plan is equal to the City's share of park maintenance. Great Park improvements shall be phased accordingly, so that adequate revenue sources are in place for park maintenance as phases are constructed;

10.6.4 Parks shall be maintained consistent with the standards established by the Specific Plan; and

10.6.5 Any CFD or Lighting Landscaping Maintenance District shall have a vacant land assessment. The amount of the vacant land assessment shall be sufficient to ensure that parks can be properly maintained during the early phases of development.

10.7 All pocket parks shall be constructed concurrently with the adjacent residential development.

10.8 Any park land that serves a dual function as a water quality feature or detention basin shall not receive full Quimby Act credit.

Section 11.0 Community Facilities

11.1 Within Project Area, Canon Station will dedicate all sites needed for public facilities, such as may be required by Specific Plan. Such sites may include but are not limited to fire station, community center, library, parks, and storm water detention. All such dedication shall be done at no cost to City.

11.2 In addition to the park improvements, Specific Plan shall include a Community Center building and Library building. The location and floor area of each building shall be sufficient to serve development of Specific Plan area. The location, size and design shall satisfy the standards and criteria of City, in its sole discretion.

11.3 Canon Station shall construct or pay City to construct the facilities described in Section 11.2 when designated within Project Area by Specific Plan. The timing of construction shall be determined by Phasing Plan. Canon Station may be eligible for reimbursement for a portion of the costs, in accordance with Section 5.0 and Subsection 4.8.

11.4 Through adoption of Specific Plan, City will designate a portion of Project Area for quasi-public community facilities. These may include but are not limited to: day care centers, churches, youth centers, and other assembly, entertainment or recreational uses. Within the Project Area there will be one or more "village clubs" which are private recreational facilities owned and operated by HOA for the benefit of its residents. Each village club will have a site area of approximately 3 acres and will offer some combination of meeting rooms, swimming pools or other recreational amenities.

Section 12.0 Land Exchange

12.1 The transfer of fee title ownership of land between City and Canon Station shall occur concurrently with City's approval of the initial parcel or final map.

12.2 Canon Station will transfer ownership of "Kelley Property" (APN 0166-030-080 and APN 0166-020-080) to City, which contains about 204 acres, located on the west side of Vanden Road, as shown on Exhibit H.

12.3 City will transfer ownership to Canon Station of APN 166-060-140 and the portion of 166-020-140 designated for development by Specific Plan, as shown on Exhibit I. The total area of the City land being conveyed to Canon Station is approximately 98 acres.

12.4. In addition to transfer of Kelley Property ownership to City, Canon Station will provide financial compensation to City based on following methodology:

12.4.1 Calculate the portion of Kelley Property that will be developed as Great Park ("park acreage"), based on Specific Plan; developed means improved with landscaping, irrigation, lighting and similar improvements associated with public park; Parties acknowledge that Great Park acreage is approximately 55 acres based on illustrative plan shown on Exhibit F;

12.4.2 Calculate "dedication acreage" as the amount required to satisfy Quimby Act dedication (16 acres) plus the acreage needed for dedication of right-of-way for Vanden Road widening (6 acres); Parties acknowledge that this dedication acreage is approximately 22 acres, based on Preliminary Land Plan;

12.4.3 Calculate the "developable portion" of Kelley property as being the difference between the "park acreage" and "dedication acreage"; Parties acknowledge that developable portion of Kelley property is approximately 33 acres, based on Sections 12.4.1 and 12.4.2'

12.4.4 Calculate the "residual City property" by deducting the acreage of the developable portion of the Kelley property from the acreage of the City property; Parties acknowledge that the residual City property is approximately 65 acres;

12.4.5 Determine the value of the "residual City property", based on an appraisal; and

12.4.6 Compensation to City by Canon Station shall be equal to the appraised value of the "residual City property". A portion of this compensation to City may be the transfer of fee title ownership of certain industrial lands within Project Area, from Canon Station to City.

12.5 The Development Agreement shall determine both the timing and nature of the financial compensation, including the possible transfer of industrial land to City, if any, and the timing and manner of the appraisal.

12.6 City agrees to use the compensation described in Section 12.5 to advance the goals and objectives of Specific Plan. Potential uses of the compensation include:

12.6.1 Assist in the redevelopment of existing industrial and commercial properties within Specific Plan area, along Peabody Road, Cement Hill Road and Vanden Road; or

12.6.2 Acquisition of open space lands.

Section 13.0 Environmental Mitigation

13.1 Canon Station will provide mitigation for loss of habitat for all future public improvements and all private development within the Project Area. Public improvements consist of those by City of Fairfield as well as other public agencies such as STA, Travis Unified School District and Fairfield-Suisun Sewer District, which serve development of Specific Plan area. This obligation shall be deemed satisfied when permits have been issued by state and federal agencies having jurisdiction over development of the Project Area. These permits include but are not limited to:

- 13.1.1 404 Permit by US Army Corps of Engineers;
- 13.1.2 Permits by US Fish and Wildlife Service;
- 13.1.3 Streambed alteration permit by California Department of Fish and Game;
- 13.1.4 Permit by California Regional Water Quality Control Board.

Section 14.0 Subdivision Maps

14.1 The initial subdivision map filed by Canon Station shall be a large-lot tentative subdivision map which includes the entire Project Area.

14.2 Canon Station will dedicate to City all rights-of-ways and easements within the Project Area for public roads and utilities in accordance with the Specific Plan. All such dedications shall be done without compensation from City.

14.3 Through Development Agreement, Parties may agree to dedicate an easement through Project Area for a future alignment of North Bay Aqueduct. This easement, if required, will be located within open space lands to the extent feasible and will occur with the initial parcel or final map.

Section 15.0 Educational Facilities

15.1 Parties agree to collaborate with TUSD regarding the planning, design and construction of public schools which are needed to accommodate students from Specific Plan area.

15.2 Parties shall consult with TUSD regarding the location, configuration, site area and number of sites needed for future TUSD schools within Specific Plan and Project Area. City shall determine location, configuration, site area and number of school sites through adoption of Specific Plan.

15.3 Within Project Area, Canon Station shall reserve school sites designated by Specific Plan, if any, for future acquisition by TUSD. The acquisition price for the site shall be based on an appraisal. The term of the reservation and the timing and method of appraisal shall be determined by the Development Agreement.

Section 16.0 Noonan Reservoir

16.1 Parties acknowledge that the proposed Great Park is within the proposed Noonan Reservoir, based on the 1993 plan prepared by SWA. Parties further acknowledge that while City is a member of SWA, City does not have the unilateral authority to terminate the project or to modify or relocate the site of the proposed Noonan Reservoir. City agrees to seek termination, modification or relocation of Noonan Reservoir by SWA, such that there is no conflict between SWA's adopted plans for Noonan Reservoir and Specific Plan.

16.1.1 "Termination" means that SWA cancels its Project Agreement No. 2 for Noonan Reservoir pursuant to the termination process described in said agreement;

16.1.2 "Modification" means that SWA reduces the surface area ("footprint") of Noonan Reservoir, such that the reservoir footprint is outside Fairfield's Sphere of Influence, or

16.1.2 "Relocation" means that SWA selects an alternate site for Noonan Reservoir which is outside Specific Plan area.

16.2 Parties acknowledge that Specific Plan will vary significantly from the Preliminary Development Plan if Noonan Reservoir is not terminated, modified or relocated by SWA. Parties further acknowledge that draft Specific Plan will need to be revised to accommodate a 40-50 acre community park within Specific Plan, in accordance with City's General Plan.

Section 17.0 Non-Project Area Properties

17.1 Parties acknowledge that:

17.1.1 There is a significant area within the Specific Plan that is not within Project Area ("Non-Project Area") and that those landowners are not party to this MOU;

17.1.2 The planning and development of Non-Project Area is critical to the goals of the Specific Plan and will have a material affect on the timing and value of development within Project Area;

17.1.3 The Non-Project Area faces significant challenges in developing in accordance with Specific Plan due to such factors as:

1. Number of smaller parcels in separate ownerships;
2. Existence of older buildings which are not likely to be consistent with the standards of the Specific Plan and uses which are not likely to be compatible with the uses proposed by Specific Plan;
3. Possibility of site contamination due to the nature of existing uses; and
4. Cost of substantial public improvements needed to accommodate development in accordance with Specific Plan.

17.2 In order to facilitate development of Non-Project Area, Parties agree to consider the following:

17.2.1 City will include a strategy in Specific Plan to address existing uses which may become incompatible or non-conforming through Specific Plan adoption. Elements of the strategy may include the following:

1. Adoption of regulations in Specific Plan regarding non-conforming uses;
2. Adoption of land use regulations for industrial lands east of railroad that allow relocation of certain, existing uses, provided that relocated uses would be constructed to current design standards, code requirements and environmental regulations;
3. Phasing which provides an early availability of industrial land which can "receive" businesses relocated from Peabody Road corridor.

17.2.2 Development Agreement shall contain provisions to address redevelopment of older commercial and industrial properties within Non-Project Area. Such provisions may include the following:

1. Incentives for and or obligations of Canon Station to facilitate the relocation of existing businesses within Non-Project Area to their industrial land within Specific Plan, east of Vanden Road;
2. City will use funds received through land transfer, as described in Section 14, to facilitate the relocation and/or redevelopment of older industrial and commercial properties;
3. City agrees to consider establishment of a new redevelopment project area by Fairfield Redevelopment Agency for blighted properties within the Specific Plan area; and
4. If City takes action to initiate the process of forming a new redevelopment project area, Canon Station agrees to pay the costs of forming this redevelopment project area, up to a maximum of \$200,000. The timing and manner of such payment shall be determined through Development Agreement, but in no case, shall payment be due prior to the date of City Council's approval of Specific Plan. Any such payment made by Canon Station to assist City in formation of redevelopment project area shall be deducted from compensation due City from Canon Station as a result of the land exchange described in Section 12.

17.2.3 Backbone Infrastructure CFD by Canon Station will include financing for Public Improvements that will benefit Non-Project Area and facilitate its development.

Section 18.0 Annexation

18.1 City acknowledges its desire that Specific Plan area be incorporated into City. City expresses its intent to apply to Solano Local Agency Formation Commission ("LAFCO") for:

18.1.1 Annexation of Specific Plan area to City;

18.1.2 Amendment of City's Sphere of Influence, if such amendment is determined necessary by LAFCO; and

18.1.3 De-annexation from any special districts, if such de-annexation is determined necessary by LAFCO.

18.2 Notwithstanding Section 18.1, City may decide to exclude portions of Specific Plan area from its applications to LAFCO when such areas are designated as permanent open space by Specific Plan and when City determines that the inclusion of such areas with its City limits would not be in the public interest.

18.3 Parties acknowledge that the planned and orderly development of Project Area would be best served if it is included in a single annexation application, subject to the possible exclusions in Section 18.2 above.

Section 19.0 Soil Excavation and Export

19.1 The Development Agreement may contain provisions to allow both City and Canon Station to excavate and export soils from Project Area. The general parameters for such provisions shall include the following:

19.1.1 Canon Station would allow City to excavate soils from Project Area for City's use as fill in the construction of the Peabody Road overcrossing or other public improvements by City. Canon Station will not charge City for soils; City will be responsible for the cost of excavation and transport of soils;

19.1.2 City would allow Canon Station to excavate and export soils for use as fill in other locations, subject to approval of a grading permit; and

19.1.3 The location and manner of excavation shall be mutually acceptable to both City and Canon Station and shall be generally consistently with any preliminary grading plans.

Section 20.0 Administration

20.1 Any amendments to MOU shall require the written approval of Parties.

20.2 City's City Manager is authorized by City Council to implement this MOU.

EXECUTED as of the day first above-stated.

City of Fairfield, a municipal corporation

By: _____
Mayor

Attested by: _____
City Clerk

By: _____
David Stroud, Managing Partner

By: _____
Debra Yarbrough-Russo, Managing Partner

By: _____
Frank Andrews, Managing Partner

Andrews Lando and Associates

By: _____
Frank Andrews, Managing Partner